

Filed for intro on 02/02/95  
House Bill \_\_\_\_\_  
By \_\_\_\_\_

Senate No. SB0727  
By Cooper

AN ACT to amend Tennessee Code Annotated, Title 45, Chapter 6,  
Part 2, relative to pawnbrokers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-6-203, is amended by deleting  
subdivision (2) in its entirety and by substituting instead the following:

(2) "Pawn" or "Pawn transaction" means either of the following transactions:

(A) A "buy-sell" agreement means any agreement whereby a  
pawnbroker agrees to hold a property (pledged goods) for a specified period of  
time not to be less than sixty (60) days to allow the seller the exclusive right to  
repurchase the property. A buy-sell agreement is not a loan of money, but shall  
still meet all recording procedures to law enforcement officers as with a pawn  
transaction; or

(B) A "loan of money" transaction means any loan on the security of  
pledged goods and being a written bailment of pledged goods as a security lien  
for such loan, for the cash advanced, interest and fees authorized by this act,  
redeemable on certain terms and with the implied power of sale on default.

SECTION 2. Tennessee Code Annotated, Section 45-6-203, is amended by deleting subdivision (3) in its entirety and by substituting instead the following:

(3) "Pawnbroker" means any person, partnership or corporation engaged in the business of lending money on the security of pledged goods; or engaged in the business of purchasing tangible personal property on condition that it may be redeemed and repurchased by the seller for a fixed price within a fixed period of time; or engaged in the business of advancing money to a customer in consideration for the customer surrendering possession of tangible personal property on an agreement by which the property may be returned to the customer's possession on repayment of the money advanced; and engaged in the business of selling new and used tangible personal property, whether unredeemed tangible personal property resulting from a pawn transaction or acquired by a purchase of tangible personal property now acquired in a pawn transaction or purchased merchandise for resale from dealers and traders.

SECTION 3. Tennessee Code Annotated, Section 45-6-203, is amended by deleting subdivision (6) in its entirety and by substituting instead the following:

(6) "Pledged goods" means tangible personal property, other than choices in action, securities, printed evidences of indebtedness or title documents, which tangible personal property is purchased by, deposited with, or otherwise actually delivered into the possession of a pawnbroker in connection with a pawn transaction, and shall include the term "pawn" or "pledged property" or similar words.

SECTION 4. Tennessee Code Annotated, Section 45-6-203, is amended by adding the following new subdivisions at the end of the section:

(7) "Maturity date of pawn transaction" means the date the pawn transaction is due to be paid, which date shall not be less than thirty (30) days after the date of the pawn transaction.

(8) "Pledgor" means the pawn loan customer of the pawnbroker, entering into a pawn transaction with the pawnbroker.

SECTION 5. Tennessee Code Annotated, Section 45-6-204, is amended by deleting the section in its entirety and by substituting instead the following:

Section 45-6-204. Authority of Licensed Pawnbrokers.

- (a) A pawnbroker licensed pursuant to this part shall have power to:
  - (1) Make loans on the security of pledged goods as a pawn or pawn transaction;
  - (2) Purchase tangible personal property under a buy-sell agreement from individuals as a pawn or pawn transaction on the condition it may be redeemed or repurchased by the seller at a fixed price within a fixed time not to be less than sixty (60) days;
  - (3) Lend money on bottomry and respondential security, at marine interest;
  - (4) Deal in bullion, stocks and public securities;
  - (5) Make loans on real estate, stocks and personal property;
  - (6) Purchase merchandise for resale from dealers and traders;
  - (7) Make over-the-counter purchases of goods which the seller does not intend to buy back. The pawnbroker shall hold such goods for a period of not less than fifteen (15) days before offering the merchandise for resale; and
  - (8) Use its capital and funds in any lawful manner within the general scope and purposes of its creation.
- (b) Notwithstanding the provisions of this section, except for a pawn or pawn transaction authorized by this act, no pawnbroker shall have the power as enumerated in this section without first complying with the law regulating the particular transactions involved.

SECTION 6. Tennessee Code Annotated, Section 45-6-206(a)(4), is amended by deleting the subdivision in its entirety.

SECTION 7. Tennessee Code Annotated, Section 45-6-209(b), is amended by deleting the subsection in its entirety and by substituting instead the following:

(b) The pawnbroker shall, at the time of making the pawn transaction and/or buy-sell transaction, enter upon the pawnshop copy of the records as well as on the pawn ticket, and/or buy-sell ticket, the following information, which shall be typed or written in ink and in the English language:

(1) A clear and accurate description of the property, including serial numbers if pledged articles shall bear such;

(2) The date of the pawn transaction;

(3) The amount of cash loan advanced on the pawn transaction;

(4) The exact value of property as stated by pledgor who pledges same;

(5) The maturity date of the pawn transaction, which date shall not be less than thirty (30) days after the date of the pawn transaction; and

(6) The name, race, sex, height, weight, date of birth, residence address and numbers from the items used as identification. Acceptable items of identification are one (1) of the following documents:

(A) a state-issued driver's license;

(B) a state-issued identification card;

(C) a passport;

(D) a valid military identification;

(E) a non-resident alien border crossing card;

(F) a resident alien border crossing card; or

(G) a United States immigration and naturalization service identification.

SECTION 8. Tennessee Code Annotated, Section 45-6-209(d), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(d) These records shall be delivered to the appropriate law enforcement agency within seventy-two (72) hours of the transaction and shall be made available for inspection each day, except Sunday by the sheriff of the county and the chief of police of the municipality in which the pawnshop is located.

SECTION 9. Tennessee Code Annotated, Section 45-6-210, is amended by deleting the section in its entirety and by substituting instead the following:

Section 45-6-210. Rate of Interest - Other Charges Permitted. In connection with and for a pawn or pawn transaction, no pawnbroker shall demand and receive a rate of interest greater than two percent (2%) per month of the amount of the loan advance under the pawn or pawn transaction, and no other charge of any description, for any purpose whatsoever, shall be made by the pawnbroker; except that the pawnbroker may charge, contract for and receive a fee not to exceed eighteen percent (18%) per month of the amount of the loan advance under the pawn or pawn transaction for investigating the title, storage, insuring the pledged goods, closing the loan, making daily reports to local law enforcement officers and for other expenses, losses of every nature whatsoever and for all other services. Such fee when made and collected shall not be deemed interest for any purpose of law. Such interest and fee shall be deemed to be earned, due and owing as of the date of the pawn transaction and a like sum shall be deemed earned, due and owing on the same day of each subsequent month.

SECTION 10. Tennessee Code Annotated, Section 46-6-211, is amended by deleting the section in its entirety and by substituting instead the following:

Section 45-6-211. Failure to Redeem -

(a) In every pawn transaction made under a loan of money pawn transaction as defined herein, the pawnbroker shall retain in his possession the pledged goods for thirty (30) days after the maturity date of the pawn transaction. Pledged goods not redeemed by the pledgor on or before the maturity date of the pawn transaction set out in the pawn ticket issued in connection with any pawn

transaction may be redeemed by the pledgor within such period of thirty (30) days after the maturity date of the pawn transaction by the payment of the originally agreed redemption price (interest, fee and loan amount), and the payment of the additional interest and fee for the period following the original maturity date due on the pawn transaction.

(b) But if the pledgor fails to redeem the pledged goods within thirty (30) days after the maturity date of the pawn transaction, the pledgor shall thereby forfeit all right, title and interest of, in and to the pledged goods to the pawnbroker, who shall thereby acquire an absolute title to the pledged goods and the debt becomes satisfied, and the pawnbroker shall have the authority to sell or dispose of the unredeemed pledged goods as his own and he may, if he decides, sell the unredeemed pledged goods.

(c) It is provided, however, that if the pledgor shall lose his pawn ticket, he shall not thereby forfeit his right to redeem the pledged goods, but may promptly, before the lapse of the final redemption date, make affidavit for such loss; describing the pledged goods, which affidavit shall take place of the pawn ticket, unless the pledged goods have already been redeemed under this part.

(d) The following information shall be printed on all pawn tickets or buy-sell tickets:

(1) "ANY PERSONAL PROPERTY PLEDGED TO A PAWNBROKER WITHIN THIS STATE IS SUBJECT TO SALE OR DISPOSAL WHEN THERE HAS BEEN NO PAYMENT MADE ON THE ACCOUNT FOR A PERIOD OF THIRTY (30) DAYS AFTER THE MATURITY DATE OF THE PAWN TRANSACTION AND NO FURTHER NOTICE IS NECESSARY";

(2) "THE PLEDGOR OF THIS ITEM ATTESTS THAT IT IS NOT STOLEN, IT HAS NO LIENS OR ENCUMBRANCES AGAINST IT AND THE PLEDGOR HAS THE RIGHT TO SELL OR PAWN THE ITEM";

(3) the statement that "The item pawned is redeemable only by the bearer of this ticket"; and

(4) a blank line for the pledgor's signature.

SECTION 11. Tennessee Code Annotated, Section 46-6-212, is amended by adding the following new subdivision at the end of the section:

(11) Enter into any pawn transaction which has a maturity date less than thirty (30) days after the date of the pawn transaction.

SECTION 12. Tennessee Code Annotated, Section 45-6-213(a), is amended by deleting the subsection in its entirety and by substituting instead the following:

(a) Any person who sells property to a pawnbroker or pledges property as security for a loan shall obtain and record the information provided for in Section 45-6-209(b)(6) and obtain a statement of the pledgor that he or she is the lawful owner of such item, as provided in Tennessee Code Annotated, Section 46-6-211(d), and have the record signed by the person from whom he receives the property. This record shall be made available to any law enforcement agency or officer upon request.

SECTION 13. Tennessee Code Annotated, Section 45-6-219, is amended by designating the existing language as (a), and adding the following language as subdivisions (5) and (6):

(a)

(5) Require reports or pawn tickets provided identification, information or descriptions different from that required in Section 45-6-209.

(6) Require a pawnbroker to hold over-the-counter purchase of goods which the seller does not intend to buy back for a period of more than fifteen (15) days before offering the merchandise for resale.

SECTION 14. Tennessee Code Annotated, Section 45-6-219, is further amended by adding the following as a new appropriately designated subsection:

(b) A law enforcement official from any county, municipality, city or taxing district may not charge a pawnbroker, firm or corporation a fee for receiving, reviewing or processing daily reports or pawn tickets as defined in Section 45-6-209, or any other information required by such law enforcement official.

SECTION 15. This act shall take effect July 1, 1995, the public welfare requiring it.



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